



Grover G. Norquist

President

September 30, 2003

The Honorable William M. Thomas
Chairman, Committee on Ways and Means
U.S. House of Representatives
2208 Rayburn House Office Building
Washington, DC 20515-0521

Dear Mr. Chairman:

On behalf of Americans for Tax Reform (ATR), I am writing to express ATR's strong support for your legislation, H.R. 2896, the American Jobs Creation Act of 2003. The legislation will cut the corporate tax rate, increase depreciation for equipment purchases, allow for repatriation, and, importantly, will put America in compliance with the WTO to ensure that a worldwide trade war does not begin.

As you know, the Foreign Sales Corporations (FSCs) and the extraterritorial income exclusion (ETI) export subsidies were found to be in violation of World Trade Organization (WTO) agreements. Without changes, the United States is facing \$4 billion of sanctions. Your legislation, H.R. 2896 provides the correct remedy to bring the U.S. into compliance with WTO rulings while reforming international tax law and spurring economic growth in America.

Currently, American companies are operating with a competitive disadvantage with foreign companies. The U.S. corporate tax rate is the second highest in the industrialized world. Capital-intensive industries are subjected to the Alternative Minimum Tax. And the United States taxes repatriations of foreign-earned income. Taken altogether, these factors have placed American companies at a competitive disadvantage with foreign companies.

H.R. 2896 is the correct first step toward reforming this country's restrictive international tax law. As a result, American companies will be more competitive with foreign companies and that translates into more jobs in America. For example, as much as \$400 billion could be invested into America's economy just from the repatriation component of H.R. 2896, money that would never enter this country without passage of your legislation.

The international tax reform you are advancing will bolster economic growth and strengthen the US economy. Americans for Tax Reform fully supports H.R. 2896. I thank you for your leadership on so many issues facing American taxpayers and look forward to working with you in the future.

Sincerely,

Grover Norquist